

**Sabine Parish School Board
Many, Louisiana**

*Independent Auditor's Report on Applying
Agreed-Upon Procedures
of the
Sabine Parish School Board Activity Funds
for the Year Ended June 30, 2010*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/2/11

Fortenberry & Ballard, PC
Certified Public Accountants

FORTENBERRY & BALLARD, PC
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES

Sabine Parish School Board
Many, Louisiana

We have performed the procedures described in the following paragraph, procedures that were agreed to by you, solely to assist you in adding credibility to the school activity funds for that period ended June 30, 2010. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Sabine Parish School Board. Consequently, we make no representation regarding the sufficiency of the procedures described in the accompanying exhibits either for the purpose for which this report has been prepared or for any other purpose.

Our procedures, performed at each individual school that comprises the School Activity – Agency Fund of the Sabine Parish School Board, are as follows:

1. Obtained current and prior year financial statements and performed the following:
 - a. Inquired as to any significant problems in the preparation process.
 - b. Compared ending cash balance to bank reconciliation tested in procedure 2.
2. Obtained the June 30 reconciled bank statement and performed the following:
 - a. Tested the mathematical accuracy of the reconciliation.
 - b. Traced reconciling items to clearance in subsequent month(s) bank statements.
3. Traced two deposits per month from the monthly bank statements FYE June 30 to the cash receipts journal and vice versa (cash receipts journal to monthly bank statements).
4. Selected, where applicable, five ticket reconciliation forms FYE June 30 for admission and gate receipts and performed the following procedures:
 - a. Reviewed supporting documentation and recalculated the mathematical accuracy of the reconciling forms.
 - b. Traced cash receipts to the cash receipts journal and the general ledger.
 - c. Traced to deposit in the monthly bank statement.
 - d. Determined any cash over/short, a reasonable amount will be allowed.

Selected five disbursements per month FYE June 30 and verified that:

- a. Cancelled checks were properly signed.
- b. Supporting documentation existed.
- c. Checks were written for the correct amount.

- d. Supporting documentation was properly documented as paid to avoid duplicate payments.
- e. Expenditures were formally approved and charged to the correct individual funds.
- 6. Scanned cash disbursements journal for all checks greater than \$7,500 FYE June 30 and determine that proper central office approval was obtained and documented.
- 7. Verified that all bank accounts are interest-bearing accounts.
- 8. Reconciled, where applicable, the petty cash balance as of the date tested.
- 9. Calculated the gross profit percentage on concession sales for the current year and prior year and performed the following:
 - a. Compared current and prior year percentages.
 - b. Inquired, where applicable, as to any significant (greater than 5%) variance.

The results of our procedures disclosed the following instances throughout the audited entity that comprise the School Activity – Agency Fund of the Sabine Parish School Board that we believe should be brought to the attention of management and the school board.

Overall area of concern throughout the various schools

Various deviations to internal controls were noted including:

- a. Inadequate and incomplete receiving procedures were noted at five schools. Several instances were noted at each of these schools from expenditures selected for testing.
- b. Out of approximately 750 expenditures tested, 47 either had inadequate or no invoice support to back the check written. This occurred in most schools.
- c. Five schools had instances where supporting documentation provided did not total to the check written for individual expenditures.
- d. As noted in the prior year agreed-upon procedures engagement, no documentation existed where the Central Office had general information and oversight as to credit cards / lines of credit obtained by the individual schools. Internal controls do not appear to be in place to prevent individuals from accessing sensitive school board information and obtaining credit in the Sabine Parish School Board's name.

Individual Schools – Areas of Concern

Converse School

Regarding procedure number 4, reconciliations of admission ticket numbers to actual gate receipts are not prepared. Audit procedures cannot be performed adequately to insure tickets sold match revenue received.

Ebarb School

- 1. Regarding procedure number 5, the following deficiencies were noted in various instances during the testing procedures of activity fund disbursements:

- a. Monthly credit card statements alone were presented without signed receipts by an authorized credit card user. The receipts pertaining to individual statement activity should be logged and included with the monthly statement.
- b. Several non-credit transactions selected had insufficient supporting documentation (no invoice, lack of detailed transaction description or purpose, etc.) or no supporting documentation.
- c. Several checks listed, particularly those with insufficient supporting documentation, could not be verified as to whether formal approval was granted to execute the transactions and whether these transactions were charged to the correct activity funds.
- d. Generic account codes are used when specified account codes are available for use by the bookkeeper.
- e. Invoices were not stamped "PAID". This increases the possibility of duplicate payments being made on individual transactions.

Florien School

Regarding procedure number 4, one reconciliation of admission ticket numbers to actual gate receipts are not prepared adequately. Only one signature was present on reconciliation forms. It appeared that a review process was not present for collections received during this sporting event.

Many Elementary School

No deviations of the required procedures listed on page 1 were noted during the testwork performed at Many Elementary School.

Many Junior High School

No deviations of the required procedures listed on page 1 were noted during the testwork performed at Many Junior High School.

Many High School

1. Regarding procedure number 5, the following deficiencies were noted during the testing procedures of activity fund disbursements:
 - a. Two purchases of note, a) hotel room purchase with no documentation as to the purpose; and b) sports equipment mailed to the home address of a school official.
 - b. Past due invoices were paid in some instances.
2. Regarding procedure number 4, As reported in the prior agreed-upon procedure engagement, receipts examined had no indication as to who collected the cash for tickets sold. The only signatures noted on four of the five ticket reconciliation forms were the principal and the assistant principal. It was not explicitly noted that either of these individuals were ticket takers or cashiers. No evidence was provided that proper ticket reconciliation procedures were conducted.

3. As reported in the prior agreed-upon procedure engagement, cash received, inclusive of checks and currency, was not deposited on a daily basis. Depository activity appeared to occur on a weekly basis. Daily deposits help remove physical asset custody access vulnerability issues that can arise from holding cash on site for an extended time period. Also, physical security of the assets can be compromised if they are stored in an area that can be accessed by several individuals.
4. As reported in the prior agreed-upon procedure engagement, several checks on the check disbursement ledger were written to "Cash". Subsequent review noted that these checks were to make change for sporting events to occur subsequently (ticket sales, concessions, etc.). Custody of cash may not be traced without adequate safeguards as to the timeliness of said cash being re-deposited into the activity fund account.

Negreet School

1. Regarding procedure number 5, one instance was noted where a monthly credit card statement alone was presented without signed receipts by an authorized credit card user. The receipts pertaining to individual statement activity should be logged and included with the monthly statement.
2. Regarding procedure number 4, one reconciliation of admission ticket numbers to actual gate receipts are not prepared adequately. Only one signature was present on reconciliation forms. It appeared that a review process was not present for collections received during this sporting event.

Pleasant Hill School

3. Regarding procedure number 5, the following deficiencies were noted during the testing procedures of activity fund disbursements. In particular:
 - a. One paid expenditure was booked to an account group for which it is not authorized.
 - b. One travel reimbursement form was paid without an authorized signature.

Zwolle Elementary School

1. Regarding procedure number 5, the following deficiencies were noted during the testing procedures of activity fund disbursements:
 - a. A function for requisitioning goods and services appears to be lacking. On most expenditures tested, the only signatures present on supporting documentation were the Principal and the bookkeeper. Payments lacking sufficient supporting documentation make it indeterminable as to whether the expenditure(s) is/are being charged to the correct activity fund(s).
 - b. The miscellaneous account code was used on most expenditures when specified account codes were available for use by the bookkeeper. It was indeterminable as to the accuracy of the account balances of the various activities and clubs present at the school.

- c. We noted no evidence of receipt of goods as invoices were neither signed by the party receiving the goods nor stamped "received".
 - d. Check numbers did not coincide with date sequence. It could not be determined if these checks were pre-signed by one of the check signers. In effect, a purchase is preauthorized before receiving a purchase requisition. This circumvents the Activity Fund purchasing and accounts payable process as prescribed by the Sabine Parish School Board.
 - e. In one instance tested, the school principal signed her expense reports, reviewed and approved her expense reports, and was one of the signers for checks issued as reimbursement for expenses incurred. Additionally, adequate backup was not present with submitted expense reports examined.
2. Regarding procedure number 3, we noted several deposit origin references were general and not descriptive of the receipts. As a result, we were unable to determine whether the receipted cash was being posted to the proper activity fund.

Zwolle High School

No deviations of the required procedures listed on page 1 were noted during the testwork performed at Zwolle High School.

Sabine Career Academy

Regarding procedure number 5, almost all goods purchased had no notation on the supporting documentation as to whether the item(s) had been received.

We were not engaged to express an opinion on the specified elements, accounts, or items. Accordingly, we do not express any opinion on the school activity funds. Had additional procedures been performed by us, other matters may have been brought to our attention that would have been reported to you.

This report is intended solely for the use of the Sabine Parish School Board and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Fortenberry & Ballard, PC

Fortenberry and Ballard, PC
November 23, 2010

Sabine Parish School Board

IMON JONES
PRESIDENT

DORMAN JACKSON
SUPERINTENDENT

DENYSE A. WILLIAMS
VICE-PRESIDENT

695 PETERSON STREET * P. O. BOX 1079
MANY, LOUISIANA 71449
PHONE (318) 256-9228 * FAX (318) 256-0105

Roderick Davis
Spencer Faust
Donald Garcie
Donald H. Remedies
Dale Skinner
Terrell D. Snelling
J. A. "Buddy" Veuleman

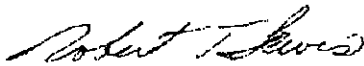
January 13, 2011

Louisiana Legislative Auditor
P.O. Box 9347
Baton Rouge, La. 70804

RE: Sabine Parish School Board Corrective Action Plan

The Business Office will conduct additional in-services principals and secretaries in the proper procedures for the administration of school activity funds. Additionally, central office staff members will be sent to each school to review their current practices and note any discrepancies that are found. They will also review the procedures with each secretary to correct the discrepancies that are discovered.

Sincerely,



Robert T. Lewis
Business Manager
Sabine Parish School Board

Cc: Dorman Jackson, Superintendent

"An Equal Opportunity Employer"